

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1477 - SB 1653

February 3, 2016

SUMMARY OF BILL: Requires each local education agency (LEA) to offer at least six early postsecondary credit courses to high school students. Authorizes the use of traditional classroom instruction, online or virtual instruction, blended learning, or other appropriate methods. LEAs are encouraged to partner with institutions of higher education or other LEAs to provide these opportunities to students.

ESTIMATED FISCAL IMPACT:

On February 2, 2016, a fiscal note was issued for this bill with a fiscal estimate as follows:

*Increase State Expenditures – \$371,400/FY16-17 and Subsequent Year/DCS
\$90,900/FY16-17 and Subsequent Years/TBR*

*\$1,713,000/FY16-17/Lottery for Education Account
\$1,807,200/FY17-18/Lottery for Education Account
Exceeds \$1,807,200/FY18-19 and Subsequent Years/
Lottery for Education Account*

On February 3, 2016, revised information was received from the Department of Children's Services relative to the need for personnel at their Youth Development Centers. DCS indicated in such revised information that the provisions of the bill could be accomplished within existing resources. As a result, the fiscal impact is being corrected as follows:

(CORRECTED)

**Increase State Expenditures –
\$90,900/FY16-17 and Subsequent Years/TBR
\$1,713,000/FY16-17/Lottery for Education Account
\$1,807,200/FY17-18/Lottery for Education Account
Exceeds \$1,807,200/FY18-19 and Subsequent Years/
Lottery for Education Account**

HB 1477 - SB 1653 (CORRECTED)

Assumptions Relative to DOE and Local School District Expenditures:

- Based on information from the Department of Education (DOE), many LEAs currently offer at least six early postsecondary credit courses including multiple Advanced Placement (AP) courses, the International Baccalaureate Program, and dual credit courses.
- If necessary, LEAs will expand their postsecondary credit options without a significant increase in local expenditures through partnerships with community colleges and other options.
- Additionally the DOE helps to support certain options for such courses by paying for teacher training and exam fees. Any increase in state expenditures relative to DOE are estimated to be not significant.

Corrected Assumptions Relative to the Department of Children's Services:

- Pursuant to Tenn. Code Ann. § 49-3-302(11), a "local education agency" is defined to mean any county, city, or special school district, unified school district, school district of any metropolitan form of government or any other school system established by law.
- Pursuant to Tenn. Code Ann. § 37-5-119(a), youth development centers and other facilities deemed appropriate by the commissioner shall be a special school district, which shall be given the same funding consideration for federal funds that school districts within the state are given.
- As a result of the two previously cited statutes, the Department of Children's Services (DCS) is considered a state "local education agency" and will fall under the requirements of this bill.
- DCS will meet the requirements of this bill within the structure of their current curriculum and staff through the use of online resources and materials.
- DCS will not hire additional personnel at their Youth Development Centers.

Assumptions Relative to the Tennessee Board of Regents:

- Based on information from the Tennessee Board of Regents (TBR), there are currently nine statewide dual credit courses available through TBR community colleges and a number of others that are not offered statewide.
- According to TBR, an additional nine statewide dual credit courses will be created by TBR in order to increase the number of opportunities for LEAs to offer such courses to their students.
- All associated costs for the creation of these courses will be borne by TBR at no cost to the LEAs that choose to participate.
- The Tennessee Board of Regents (TBR) will require an additional employee to coordinate and manage the increase in dual credit opportunities and testing and to ensure that credit is provided at the appropriate higher education institution.
- The recurring increase in state expenditures for one additional employee at TBR is estimated to be \$90,860 (\$63,600 salary + \$22,260 benefits + \$5,000 travel and equipment).

Assumptions Relative to the Dual Enrollment Grant Program:

- The Dual Enrollment Grant Program is a grant for study at an eligible postsecondary institution funded from net proceeds of the state lottery and awarded to students who are attending an eligible high school and who are also enrolled in college courses at eligible postsecondary institutions for which they will receive college credit.
- Based on information from the current dual enrollment grant program, the Tennessee Student Assistance Corporation (TSAC) estimates that an additional 2,855 students will receive a dual enrollment grant of \$600.
- The increase in state expenditures from the Lottery for Education Account (LFEA) in FY16-17 is estimated to be \$1,713,000 (2,855 x \$600).
- In FY17-18, TSAC estimates that an additional cohort of 157 students, for a total of 3,012 (2,855 + 157) will receive a dual enrollment grant; thus an increase in state expenditures from the LFEA of \$1,807,200 (3,012 x \$600) in FY17-18.
- In FY18-19 and subsequent fiscal years, the number of participating students is expected to increase beyond the number of participants from FY17-18.
- The recurring increase in state expenditures from the LFEA in FY18-19 and subsequent fiscal years is estimated to exceed \$1,807,200.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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